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**Details:** 

(FORM UPDATED: 07/12/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

### Senate

(Assembly, Senate or Joint)

Committee on ... Commerce, Utilities and Rail (SC-CUR)

### **COMMITTEE NOTICES ...**

- Committee Reports ... CR
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### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... Appt
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- Hearing Records ... bills and resolutions
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- (sr = Senate Resolution)
- (ajr = Assembly Joint Resolution) (sjr = Senate Joint Resolution)

Miscellaneous ... Misc



### **Testimony on Senate Bill 17**

### Senator Neal Kedzie Senate Committee on Commerce, Utilities and Rail November 29, 2007

Chairman Plale, members of the Committee, thank you for holding a public hearing today on Senate Bill 17.

Senate Bill 17 allows towns that meet certain criteria to pass a resolution, which must be ratified in a referendum, to declare itself a "Charter Town." Charter Towns would be granted certain additional powers, including the ability to create TIF districts, exercise certain zoning powers, and exemption from being subject to certain city and village extraterritorial powers.

To be considered a Charter Town, Towns must meet the following criteria:

- The population of the town must be at least 2,500.
- The town board must create a town plan commission and adopt a comprehensive land use plan.
- The town board must enact and enforce building code ordinances.
- The town board must enact a construction site erosion control and storm water management zoning ordinance.
- The Town must establish an official Town Map.
- The Town Board must enact a subdivision ordinance.

You will notice that I have introduced a substitute amendment to Senate Bill 17, which removes from the original bill a second tier of Charter Town status. Under that second tier, towns that met certain additional criteria would have been exempt from city and village annexation powers. While I supported this provision, I have introduced Senate Substitute Amendment 1 at the request of the Wisconsin Towns Association, as a way to hopefully find consensus and move this bill forward.

It should be noted that this bill will apply to only a small number of the 1,266 Towns that currently exist. Currently, only 141 Towns meet the first criteria, which is having a population in excess of 2,500 people.

I believe that Senate Bill 17 is necessary because it addresses an ongoing problem throughout Wisconsin at the local government level – border disputes between cities and villages, and townships.

In my view, both units of government would benefit if these disputes can be eliminated and replaced by cooperation. While this bill doesn't solve all existing issues, it does provide a measure of fairness for Townships by granting them additional powers currently only afforded to Cities and Villages in exchange for meeting certain conditions.

Last session, the Senate Committee on Job Creation, Economic Development and Consumer Affairs held a public hearing but no executive session on Senate Bill 165, which is identical to Senate Bill 17. The Assembly Committee on Rural Affairs and Renewable Energy held a public hearing and executive session on it's companion bill, AB 266. The Committee voted 7-1 to recommend passage of the bill, however it was not taken up by the State Assembly.

Thank you for your consideration of Senate Bill 17.







### State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle Governor Roger M. Ervin Secretary of Revenue

Senate Commerce, Utilities and Rail Committee Hearing, November 29, 2007

SSA 1 to SB 17 - Charter Towns and TIF Powers (Sen. Kedzie)

Description of Current Law and Proposed Change

Under current law, if a town meeting authorizes a town board to do so, the town board may exercise certain powers relating to villages. A town board may not create a tax incremental finance district (TID), except under limited circumstances or for limited purposes. A town may create a TID if it has entered into a cooperative boundary agreement with a city or village for full or partial annexation in the future, the city or village has adopted a resolution approving the creation of the TID and the TID would be located entirely within territory that is to be annexed by the city or village. In addition, a town may create a targeted TID for the purpose of specific agricultural, forestry, manufacturing, and recreational projects. A town may also create an environmental remediation TID.

SSA 1 would allow certain towns that are authorized to exercise village powers to declare themselves, by referendum, to be charter towns. Charter towns could be declared only by towns with populations of at least 2,500 that have a town plan commission, a comprehensive land use plan, an official town map, a building code, a subdivision ordinance, a comprehensive zoning ordinance, and a construction site erosion control and storm water management ordinance. A charter town would not be subject to county zoning ordinances unless they were adopted by the town. Charter towns would not be subject to extraterritorial zoning jurisdiction or extraterritorial plat approval jurisdiction of a city or village but would continue to be subject to county zoning of wetlands in shorelands. Counties would be required to recognize a charter town's official map in the same way that it recognizes city and village maps.

SSA 1 would allow all charter towns to exercise the powers of a city to create tax incremental financing districts (TIDs). If a town had already created a TID under the town tax incremental financing (TIF) law, that TID would continue to operate under the town TIF law. If the charter town revoked its charter town status, the town and the Department would continue to administer the TID until it terminated as if the town had not revoked its charter town status.

SSA 1 does not include provisions from the original bill that would allow certain towns to be exempt from city or village annexation and land acquisition powers.

#### Fairness/Tax Equity

 SSA 1 would provide the same tax incremental financing tool for economic development in certain higher population towns that is currently available to all cities and villages.

#### Impact on Economic Development

- SSA 1 would allow certain towns to create TIDs to the same extent that cities may create them, allowing them additional economic development opportunities. Specifically, SSA 1 would expand the types of TIDs that may be created, and extend the expenditure period and maximum life of the TIDs.
- Increased development in towns may come at the expense of development in cities and villages.

#### Administrative Impact/Fiscal Effect

According to Department of Revenue data, 141 towns have populations over 2,500. These towns could, subject to voter approval, declare themselves charter towns upon enactments of the necessary land use plans, mapping requirements, and ordinances. Most towns are likely to have land use plans, maps, and zoning ordinances under the smart growth law. However, towns that do not already have land use plans and official maps would incur costs for basic land use plans and mapping. Towns that had not already enacted and enforced zoning ordinances would incur personnel costs for the staff required for enforcement. Fees associated with various zoning requirements could defray some costs.

Since the department does not have information to determine the number of charter town TIDs that would be created under the bill or the value of property that would be in the charter town tax incremental financing districts, an estimate of the tax base that would be unavailable to the overlying taxing jurisdictions during the life of the TIDs is not available. As with the creation of other new TIDs, overlying taxing jurisdictions will be given an opportunity to consider the impact of the creation of a charter town TID through the joint review board approval process.

A \$1,000 fee is imposed for each TIF filing with the state. Filing fees may increase by an unknown amount under the bill as charter town TIDs are established. TIF filing fees are deposited to a program revenue appropriation to support the Department's TIF expenses.

The Department anticipates that an additional 1.0 FTE would be required to administer tax incremental financing law under the bill. In addition, the bill would require modification of forms, instructions, training, programming, and annual reports. The Department estimates that additional costs would be \$49,200 annually. Since the number of charter town TIDs that would be created is unknown, the degree to which the Department's additional costs may be funded through increased program revenue from TID filings is unknown. GPR funding will likely be necessary to supplement the program revenue, as indicated in the Department's fiscal estimate.

Current town TIF law provides for payment of TIF-related infrastructure costs and redetermination of the tax incremental base when a town TID is annexed (section 60.85 (17)). SSA 1 does not have a similar provision for charter town TIDs so that towns would likely retain TIF-related debt when an underlying TID is annexed. Such a provision could be added to provide parallel treatment for charter town TIDs, providing that the annexing municipality would pay the town for TIF-related infrastructure costs.

In addition, a similar issue exists under current TIF law. Current law was largely crafted for city and village use and does not contain a general provision for payment of TIF-related costs or the base redetermination upon annexation. Since charter towns would be able to act under general

TIF law (section 66.1105) and towns can already act under the environmental remediation TIF law (section 66.1106), the substitute amendment could amend these sections with provisions similar to those in section. 60.85 (17) that would provide for payment of TIF-related costs and base redetermination anytime an annexation includes territory containing a town TIF district.

Adding provisions similar to those in section 60.85 (17) would eliminate the possibility that a TIF that increases in value could be annexed without payment of TIF-related debt by the annexing municipality.

Prepared by: Pam Walgren November 26, 2007

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### TESTIMONY ON SENATE BILL SB36 AND SB17, THE CHARTER TOWNS BILL NOVEMBER 29, 2007

Jeff Musche, Clerk/Administrator Town of Lisbon, Waukesha County

I wish to thank members of the Senate Committee on Commerce, Utilities and Rail for holding a hearing on the Charter Towns Bill. I have worked in the public sector for twenty years, eleven years in the mayor's office in the City of Milwaukee when Henry Maier was mayor and nine years now as the Clerk/Administrator for the Town of Lisbon in Waukesha County. I do not exaggerate when I say the Charter Towns Bill is the most important legislation to urban towns in Wisconsin. Not only because it recognizes that town governments are capable of providing services to our residents in a professional and efficient manner, but more importantly because it levels the playing field between towns and our village and city neighbors which will lead to increased cooperation, trust and sharing among local governments. I should point out that while the Town of Lisbon has been successful in arriving at border agreements with two of our neighbors, these were accomplished because of unique circumstances. I submit, under current law, there is very little incentive for a city or village to sit down with a town and engage in meaningful border discussions. The Charter Towns Bill would change that paradigm.

I see several benefits to the Charter Towns Bill, which are enumerated below:

The Charter Towns Bill promotes intergovernmental cooperation. This is accomplished by eliminating extra territorial zoning and giving towns the ability to sit down with a village or city and jointly determine how a specific parcel should be developed. Currently, towns have no say in how villages and cities develop on lands they annex. And villages and cities have no incentive to talk with towns about growth and development because they currently have complete decision making control. As a result a challenge in court to an annexation is the only way for town residents to have any voice in development. This is expensive, confrontational and leads to an environment of distrust and lack of cooperation between towns and their incorporated neighbors.

The Charter Towns Bill will enables urban towns to provide meaningful long range planning. Currently, with the uncertainty of borders due to annexations, an urban town cannot put together a meaningful comprehensive plan as required under the States Smart Growth Law. Under current law, even if a town prepares a comprehensive plan which meets Wisconsin's Smart Growth requirements, a neighboring village or city is not bound by that plan. In fact, the city or village can ignore the plan, the wishes of the residents that approved the plan, and through annexation develop areas in conflict with the plan. This wastes the thousands of dollars expended to create the plan in the first place.

The Charter Towns Bill gives control of the Town's growth to the people who live there. The bill, through elimination of annexation without town approval, connects decisions about development to the people it affects. It gives the people who live in the town a voice in how lands that are annexed will be developed. Many people move into a town because of its unique appearance and amenities, and the bill helps these residents insure that development is not contrary to the lifestyle they desire.

On a policy level, if you believe in local control, you should support this bill. Think of it this way. Many times the state must meet mandates or directives which come from the federal government. Sometimes these mandates may be onerous, but at least state residents vote for representatives in Washington who we can contact to have our voice heard. Just think if the mandates came from Canada, where Wisconsin residents have no elected representation. It seems far fetched, but that is exactly the situation Town residents face. Development decisions are made in an abutting village or city and town residents have no voice through an elected representative regarding those decisions. This is contrary to the democratic ideals on which this nation was founded.

If it means the difference between passage and failure, I am willing to forgo the no annexation without town approval provision in the Charter Towns Bill despite the importance of this feature and role it would play for Towns.

The Charter Towns Bill enhances development and economic growth. Leveling the playing field between towns, villages and cities provides incentives for cooperative efforts in planning and development decisions. The result will be a more comprehensive planning effort that is more inclusive, considers the desires of more people and is better coordinated. The reduced conflict will lead to better development decisions and ultimately, more economic growth. Currently, villages and cities encourage annexation of lands through policies of not providing sewer and water services without annexation. However, annexation can only take place on lands contiguous to the village or city. Thus, even though it may make more sense to allow a particular activity on a parcel farther out in a town, a city or village may allow such use, which is not the highest and best use, on a plot because the land annexed is the only parcel currently available.

The Charter Towns Bill works to enhance regular borders. Since annexation cannot take place without approval from the town, there is a mechanism to assure that borders do not become confusing and irregular. This will also enhance the more efficient provision of local services. Currently, because annexations take place on a time schedule not within any planning control, the result has been irregular borders that are confusing and lead to inefficient service provision by local governments.

I thank the Committee members for this opportunity to submit this testimony and urge that the Bill be adopted.





## SENATE SUBSTITUTE AMENDMENT 1, TO 2007 SENATE BILL 17

-D Annexations could still occur under the sub.

November 14, 2007 - Offered by Senator Kedzie.

1

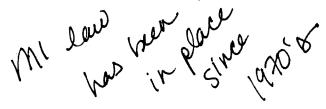
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AN ACT *to amend* 59.69 (3) (a), 59.69 (3) (b), 59.69 (3) (e), 60.61 (2) (intro.), 60.61 (3) (intro.), 60.62 (2), 60.62 (3), 62.23 (7a) (a), 66.0105, 70.99 (8) and 236.02 (5); and *to create* 60.10 (1) (h), 60.225 and 60.23 (33) of the statutes; **relating to:** the powers of certain towns, authorizing the creation of charter towns by certain town boards, and expanding the authority of charter towns to create tax incremental financing districts.

#### Analysis by the Legislative Reference Bureau

Under current law, if a town meeting authorizes a town board to do so, the town board may exercise powers relating to villages and conferred on village boards by statute, except those powers that conflict with statutes relating to towns and town boards. For example, a town board exercising village powers may not create a tax incremental financing (TIF) district other than for very limited purposes related to agricultural, forestry, tourism or manufacturing projects; annex territory; exercise extraterritorial zoning jurisdiction over another town; or, in counties that have adopted a county zoning ordinance, enact a town zoning ordinance unless it is approved by the county board. If a town board exercises village powers, the town is still subject to annexation by a city or village and may be subject to extraterritorial zoning powers exercised by a city or village. Current law also authorizes towns that

### Venskus, Katy

From:

Sent:

Wadd, Jay Thursday, November 29, 2007 10:09 AM Venskus, Katy; Lhatsang, Sherab Contact # for Sen. Hansen

To:

Subject:

Katy and Sherab,

Here is the direct line you can reach Dave at for the hearing and exec this morning.

702-448-3466.





Mr Chairman and Committee Members.

My name is Henry Elling and I am the Town Manager/Planner for the Town of Summit Manager Planner for the Town of Summit Manager Planner

I have had an opportunity to read the draft legislation and Legislative Reference Bureau report. I would like to comment on several points within this material and encourage you to proceed with action on this Bill.

The Town of Summit is approximately 27 square miles of land area straddling I-94, on the far western edge of Waukesha County. Our community includes about 5,100 residents, sixteen named lakes and the Bark River. We are completing a revaluation of the Town and expect that our assessed value will be over \$1 billion dollars at the close of the 2008 assessment roll.

The Town of Summit officials and residents have been watching for many years as the new developments in surrounding communities annex land for increased tax base and to provide local services. The Town has been operating for since April 2, 1929 under a state law that allows certain "village powers". We have a zoning ordinance that was adopted on November 3, 1952, before Waukesha County had a zoning ordinance. Our Town Board served as the Plan Commission until 1989 when a separate commission was appointed by the Town Board. Our Zoning Code has been updated and modified over time, most recently in 2003 to include issues identified in the Town's 2001 Master Plan developed under the State's SmartGrowth legislation. This Plan was partially funded under your Department of Administration's grant program and accepted as the first SmartGrowth Plan completed by a Town under this legislation.

We have had a subdivision ordinance in place since April 6, 1959. This has allowed for the regulated development of approximately 2,000 single family homes, many of which reside on the 16 lakes in the Town. The Town has its own full-time public works department maintaining over 55 miles of roadway and over 80 acres of parkland. The Town has had a local 24-hour police force since 1962.

The Town of Summit contracts with a regional inspection firm to complete all of our residential, commercial, institutional and industrial building inspections. We are current with all the State regulations for building codes in the State of Wisconsin.

The Town has also adopted and enforces our own erosion control and stormwater management ordinance. We contract with an engineering firm to complete these plan reviews, site inspections, and enforcement. This firm has representatives in Wisconsin and four other surrounding states.





With all this legislation in place, with all these professional services on staff or under contract, with all this economically valuable and environmentally sensitive land, why does the Town of Summit need this legislation?

To put it bluntly, the residents of the Town of Summit would like to control their own destiny: their own land use, their own development patterns, their own finances, and their own levels of service. Don't take this statement as The Town of Summit asking to retreat from their neighbors. We have boundary agreements with the City of Oconomowoc and Village of Oconomowoc Lake. We have sanitary sewer service agreements covering over 6 square miles of territory, water service agreements covering about 4 square miles. Our fire protection comes from multi-municipality districts. The Town Board and citizens understand that we are part of larger community.

The Town would like the ability to make more of their decisions on a local level. Right now our residents have to go to a variety of offices and governments for approval of a simple land division to create another homesite. A property owner in the Town of Summit might have to go to the Town of Summit, City of Delafield, City of Oconomowoc, Village of Oconomowoc Lake and Waukesha County for approvals of such a project. With approval of Senator Kedzie's legislation, this same project would require approval of the Town of Summit Town Board.

With the economy in transition as it is now, time is money. The approval process I just outlined takes over eight months, and can be derailed by any of the agencies I included. In total, these groups are made up of 59 elected officials and several dozen staff members. All of these people need to review, comment, schedule, meet and approve a project under laws that have existed in the Town of Summit for over 50 years.

Recently, the Town Board has investigated the potential for incorporation of the remaining lands in the Town of Summit. This is not the resident's preferred approach to the future. They would like to remain in a Town; some of them even enjoy the annual meeting and face to face time required at those events. Some appreciate the simplicity of government at the Town level.

But I think you understand that remaining as a Town under the current law is untenable.

#### A. Financing and Protection of Tax Base.

The Town currently invests in road and drainage improvements throughout the community. These improvements are usually financed over a 10-year period. During those 10 years, lands along the new roadway or drainage system may be annexed in to the adjacent community. The new "owners" do not have any responsibility to repay the debt for these public facility improvements. So, the remaining town taxpayers may be paying for work on projects that are no longer in the Town borders. We have been working to develop boundary agreements to ensure that Town's investment in infrastructure projects stay in the Town and will remain to benefit Town residents and taxpayers.

#### B. Land Use Regulations – Permitting.

Under state statutes a town must also have approval from adjacent municipalities and the County for any land divisions or plats. Depending on the location in the Town (as I said before), a property owner also has to attend meetings and gather approvals from the Waukesha County, City of Oconomowoc, Village of Oconomowoc Lake, City of Delafield, and/or Village of Dousman. These outside governments can determine land use patterns in conflict with the wishes of the existing Town residents. We have the tools in place to accomplish this on our own.

As another example, our local Board could decide to manage these regulations at the Town level and bring these controls to a local group rather than outside agencies. This could include a local Board of Appeals, local staff, and a local site inspector. Officials and staff closer to the residents will be a benefit in these situations.

#### C. Local Public Services.

This new statute will not change the Town's local 24-hour police services that has been in place since 1962. It would remove the need for duplication of services in building inspection and zoning code enforcement. It would allow the local government to develop, adopt and implement local development requirements without oversight by the County or extraterritorial restrictions from incorporated Cities or Villages. The Town can establish standards for development and no other government can change them. Subdivision and land use plans currently must all be approved by the County. If the law changes, the County and our neighbors must accept these plans and include them in the county's planning laws.

In summary, I thank you for your attention to this change in local government. Although it may seem that you are delving into the minutia of government organization, this change will substantially affect the lives of all of our residents by reducing the level of duplication of services, bringing the approval process closer to home, and allowing a greater control of our own citizens over the future of their community.

Devy / Elling

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## WISCONSIN TOWNS ASSOCIATION Urban Towns Committee



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# Mailbox

November 2007

Volume 15, Number 11

The full market value of all taxable property in Wisconsin rose to nearly \$500 billion this year and a closer look at growth in taxable values offers some interesting insights into how and where the state's economy is growing. From 2006 to 2007, for example, nearly one-half of all residential property value growth in the state was recorded in towns (in spite of the fact that towns have less than a third of the state's population).

Long Term Equalized Value Trends: Full market (or "equalized") property values are established each year by the state Department of Revenue (DOR). They're used to apportion school and county taxes, distribute major state aids and for other purposes. But they also offer one of the few data sets available that measures economic developments aggregated by towns, villages and cities. The first table shows equalized values in selected years over the past quarter century.

Equalized Values in Selected Years from 1982 to 2007 (\$ Billions)				
Year	Towns	Villages	Cities	
1982	\$48.0	\$12.9	\$57.3	
1992	55.5	21.3	82.9	
1997	86.1	32.4	114.6	
2002	129.6	47.3	158.4	
2005	162.4	66.6	198.9	
2006	176.9	75.0	217.1	
2007	189.3	79.7	229.0	

Sources: DOR: Town, City and Village Taxes: Levied 2006 – Collected 2007; and 2007 Statement of Changes in Equalized Values by Class and Item

Shifting Patterns: It shows that equalized values rose at different rates in towns, villages and cities over the 25-year period. Values in towns grew from \$48 billion in 1982 to \$189.3 billion this year, an increase of 294%. City values grew somewhat faster since 1962, from \$57.3 billion to \$229 billion, an increase of nearly 300%. But the gold star goes to villages, where values soared from under \$13 billion in 1962 to \$79.7 billion now — a phenomenal growth rate of 518%. The picture changes when growth rates are computed over ten- and five-year intervals: Since 1997 values grew 118%, 146% and 100% in towns, villages and cities respectively; since 2002 increases were 46%, 68% and 45%, respectively. Towns emerge at the top of the list when growth is measured from 2006 to 2007, with increases of 7%, 6.2% and 5.5%, respectively.

**2007 Equalized Value Growth:** The second table offers a more detailed look at increases in equalized values by major class between 2006 and 2007. The most striking revelation is that total taxable property values grew about \$500 million more in towns than in cities: \$12.4 billion versus \$11.9 billion. Given the fact that towns have a significantly lower population than cities (less than 1.7 million versus 3.1 million), this is a surprising outcome that confirms the relatively strong economic growth underway in towns. Also note that residential property values increased by about \$3.3 billion more in towns than cities.

Changes in Equalized Values by Major Class Between 2006 and 2007 (\$ Millions)				
	Towns	Villages	Cities	
Residential	\$10,239.0	\$3,508.8	\$6,908.8	
Commercial	597.8	988.7	4,378.8	
Manufacturing	84.7	73.3	221.5	
Agricultural	388.3	2.5	9.4	
Forest	605.3	15.9	-4.4	
Other	380.9	6.9	12.1	
Personal	118.5	53.0	347.2	
Total	12,414.7	4,649.0	11,873.4	
Source: 2	2007 Statement of Changes	in Equalized Values by Class	s and Item	

<sup>\*</sup>May not sum due to rounding

The fact that property values grew faster in towns than cities in absolute dollar terms this year has many policy implications. Concerns about big property tax shifts to cities due use value assessment of farmland can be set aside. Claims that annexations are needed to sustain housing and other new construction appear to be unfounded. Finally, towns should brace for higher school and county taxes (see the October 2007 *Mailbox* for more on this).

Remember that year-to-year changes in equalized values reflect more than economic factors and new construction; growth patterns are also impacted by annexations and by the incorporation of towns into city or village status. Visit the WTA website (www.wisctowns.com) for links to the DOR reports.